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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/488,107	01/20/2000	Warren E. Friss	23616.01	3969

7590 12/10/2007  
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EXAMINER
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PATEL, JAGDISH

ART UNIT	PAPER NUMBER
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3693

MAIL DATE	DELIVERY MODE
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12/10/2007

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 09/488,107  
Filing Date: January 20, 2000  
Appellant(s): FRISS ET AL.

**MAILED**

DEC 10 2007

**GROUP 3600**

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R. Lewis Gable  
For Appellant.

**EXAMINER'S ANSWER**

**(1) Real Party in Interest**

A statement identifying by name the real party in interest is contained in the brief.

**(2) Related Appeals and Interferences**

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The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**(3) Status of Claims**

The statement of the status of claims contained in the brief is incorrect. A correct statement of the status of the claims is as follows:

Claim 70 is has been allowed.

Claims 108, 109, 54 and 55 have been indicated as being allowable if written in independent form

Claims 34-38, 41, 43-52, 56-57, 62-76, 59-61, 77-107, 110-141 have been appealed.

Claims stand objected as not being presented in numerical sequence and with the appropriate and not indicated with status indicator (Office Action Dated 6/20/2005).

**(4) Status of Amendments After Final**

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

**(7) Claims Appendix**

The copy of the appealed claims contained in the Appendix to the brief is correct.

**(9) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

1. Claim 72, 41, 43-45, 47, 48, 50-52 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claim 72 recites the limitation "the number of ordered collectibles" in line 2-3. There is insufficient antecedent basis for this limitation in the claim.
2. Claims 102, 103, 49-51, 56, 57 are rejected under 35 U.S.C. 102(b) as being anticipated by Woolston.
3. Claims 34-38, 41, 44, 45, 47, 48, 59-61, 71-84, 86-101, 110-114, 131-141 are rejected under 35 U.S.C. 103(a) as being unpatentable over Woolston (US 6,266,651) and further in view of Bezos et al. (US Pat. 6,606,608) (Bezos). and
4. Claims 52, 62-68, 69, 104-107 and 115-130 rejected under 35 U.S.C. 103(a) as being unpatentable over Woolston (US 6,266,651).

**(10) Response to Arguments**

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**ARGUMENT 1: The First Ground of Rejection Reviews Whether the Examiner Has Failed to Construct a Record Satisfying the "Substantial Evidence" Standard Defined by the Case Law Below**

**Response:** The examiner has reviewed and acknowledges the Appellant's citation of various court rulings which form the standard for obviousness of the claimed invention. The examiner notes that the appellants' citations of the case laws are addressed wherever, the appropriate case laws have been invoked by the appellants.

The examiner, however, brings to the attention of the appellants that obviousness is not determined solely on the basis of the teaching suggestion or motivation (TSM) (KSR International v. Teleflex Inc., 550 U.S. \_\_\_, 82 USPQ2d 1385 (2007) (KSR). According to KSR the examiner may rely on, for example official notice, common sense, design choice and ordinary ingenuity. This examiner's answer thus relies on this broaden standard of obviousness in responding to the appellants' arguments.

**ARGUMENT 2: The Second Ground of Rejection Reviews Whether the Examiner Has Failed to Show that Appellants' Claims are Not Clear and Definite under 35 U.S.C. Section 112**

**Response:** With reference to rejection of claim 72 and it's dependent claims and claims 50-52 the appellants equates "the number of ordered collectibles" to "offering of collectible for sale". However, the number of ordered collectibles may be vastly different than the quantity offered. In fact the without

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knowledge of the ordered quantity (or number) of the collectibles one cannot compare against the predetermined number of offered collectibles. Therefore, the examiner maintains that claim 72 does not provide antecedent basis for the limitation "the number of ordered collectibles". This response also applies to arguments concerning claim 50-52.

Regarding claim 81 the appellant asserts that the limitation "number of collectibles to be allocated" provides antecedent basis for the limitation "said number of collectibles to be offered for sale". However, it is noted that neither claim 81 or its predecessor claim 77 does not refer to such a limitation.

Similarly claim 50 recites limitation "the allocated collectibles". There is no such limitation referenced in claims 49 or 50.

**ARGUMENT 3: The Third Ground of Rejection Reviews Whether the Examiner has Failed to Show that Appellants' Claims are Anticipated Under (35 U.S.C. §102) Over Woolston '651**

Response: Rejections of claims 102, 103, 49-51, 56 and 57 under 35 USC 102(b) over Woolston ('651) and rejections of dependent claims therefrom under 35 USC 103(a) over Woolston in combination with Bezos et al. ('608) have been withdrawn. Accordingly, the appellants' arguments under this section are rendered moot.

**ARGUMENT 4:** The Fourth Ground of Rejection Reviews Whether the Examiner Has Failed to Show that Applicants' Claims are Obvious Under 35 U.S.C. §103(a) over Woolston in view of Bezos, and are deemed to be "Non-Functional Descriptive Material".

The appellants' argument under this section applies to rejection of claims 71, 72, 34-38, 44-45, 47-48, 73-76, 59-61, 77-84, 86-95 and 110-114 under 103(a) as being obvious over Woolston and Bezos patent references.

**Response:**

**Independent claims 71**

The appellants' arguments are not persuasive as explained in the following paragraphs.

**Argument:** Woolston teaches that the consignment node operators only operate in a secondary market and fails to teach that (a) the collectibles are initially offered for sale and (b) that the consignment node can operate as an initial issuer of the collectibles (pp. 22-25)

The appellants' argues that the consignment node does not operate as the issuer as per claim 71 because it does not deal with initial placement of collectibles and that consignment node (users) only operate on collectibles in a secondary market.

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This argument is not persuasive because Woolston teaches double tier computerized market for collectibles wherein the first tier is a retail price and second tier is a whole tier or dealer to dealer price. Woolston allows a collector of certain collectibles (such as antique pens) to issue his collectibles in the market (col. 2, 57- col. 3 L 10) by posting "buy at" and "sell at" quantities (col. 3 L 36-45). The examiner notes that the consignment node or the collector who post the collectibles performs as a initial issuer of the collectibles regardless of the history of the collectibles. In other words, "initial offering" is the first time posting of the collectibles by the consignment node which inherently disclosed in Woolston because it permits resale of the collectibles once purchased.

It is also noted that the claimed invention does not functionally effect any process steps in terms of the offering of collection whether the collectibles are initially offered or who issues the collectibles and who sets the period of time whether the issuer or the administer of the offering such as an auctioneer. In this regard both these terms are not functionally connected to any of the process steps of the claimed invention.

**Argument: Woolston only teaches offering one collectible at a time and therefore need for allocation of plurality of collectibles does not arise (p. 25)**

The appellants have only presented piecewise analysis of Woolston in concluding that only one good at a time is sold.



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The examiner notes that whereas the appellants' citing of the Woolston patent refer to selling one good at a time broader and more careful analysis shows that Woolston does not limit offering or issuing collectible to one collectible at a time.

The appellants' argument that Woolston teaches offering a single good at a time and therefore there is no problem of allocating the collectibles. The examiner, respectfully disagrees with the appellant. Although, Woolston cites instances of offering a single collectible at a time (see col. 4 lines 61 - col. 5 line 8, col. 5 line 58 – col. 6 line 45), there is no teaching or suggestion that an issuer of a collector is restricted to offering of a single collectible. For instance, Woolston, teaches a "double tier" computerized market for goods and computer means for purchase of collectibles and subsequent resale of the collectibles purchased (see col. 1 line 52 – end). Woolston invention allows the issuers (consignment node users) to establish electronic markets for collectibles (collectible goods), establish auctions and electronic presentment of goods (col. 2 lines 38-51, "dominant market for collectible antique pens"). Woolston allows a participants to post their collectibles for sale by specifying "buy at" and "sell at" quantities and prices thereby allowing the participants to establish a market for collectible goods. (Col. 3 L 36-52) Therefore, the examiner, respectfully disagrees with the appellant and asserts that Woolston teaches offering a plurality of collectibles without any restriction as to the quantity or price of the collectibles.

**Argument: Woolston does not disclose maintaining the specified condition of the collectible while the collectibles are being offered at steps (a) and (b) of claim 71. (p. 26-27)**

Response: Woolston teaches "maintaining the conditions of the collectibles" inherently because it is essential to specify condition of the collectibles being offered for sale in order for potential purchasers to assess the value of the collectible offered at a specified price by a seller or issuer.

Woolston teaches that when collectible(s) are sold, information regarding the collectibles along with it's condition is provided to the potential purchasers to enable purchase decision. (see Figure 13, "Mint condition". Furthermore, since the purchaser's are informed that an antique such as a Rolex watch is in a predetermined condition is suggestive of the fact that according to Woolston, the collectibles are maintained in their specified (i.e. predetermined condition) until sold to one or more purchasers. Collectibles are valued on the basis of their conditions. For example, an antique Rolex watch in mint condition will fetch much higher value than if it was in a worn condition. Collectibles baseball cards would not be worth less unless they are held in like new condition by a plastic cover. Similarly, valuable painting are kept in storage facilities where the environment will not interact with the specific type of paint used in the paintings and maintain their original condition, thereby preserve their market value. Therefore, whenever, collectibles are sold

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and bought, maintaining their conditions is not only inherent but also a matter of common sense.

For these reasons maintaining the (predetermined) condition of the collectibles while being sold

(or until the collectibles are delivered to the potential purchaser) is inherent. Citing the Board of

Patent Appeals and Interference (BPAI) in KSR:

"when there is motivation to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to anticipated success, it is likely the product not of innovation but of ordinary skill and common sense."

(KSR International v. Teleflex Inc., 550 U.S. \_\_\_, 82 USPQ2d 1385 (2007))

In the instant situation, maintaining conditions of the collectible is a predictable solution to complete the sale of the collectibles and a person of skilled in art of collectibles marketing is has a good reasons to maintain the conditions within his or her technical grasp because he or she knows that the value of the collectibles depends on and completing sale of collectible is always based upon delivering the collectibles in their promised condition.

Therefore, the examiner concludes that maintaining conditions of the collectibles a matter of ordinary skill in the art and common sense.

**Argument: Woolston fails to teach that each collectibles has a  
"predetermined condition"**

**Response:** Woolston teaches that collectibles are offered having a specified condition (see

Figure 13 where posting interface which describes a collectibles having a predetermined condition).

Furthermore, it is obvious to and common knowledge of one of ordinary skill in the art that (a) the collectibles are priced according to the condition in which they are kept and (b) in order to facilitate sale of a collectible and therefore it is essential to determine condition of the collectible and to communicate this information to potential customers because the purchasers evaluate the collectibles not only in terms of both the asking price and the (current) condition of the collectible. It is also a matter common understanding of a laymen (or at least a person skill in the art who deals with trading collectibles) that maintaining condition of the collectibles being offered is essential until the collectible is delivered to the purchaser so that collectible maintains its value. On this basis, it is the examiner's assertion that Woolston when considered view of the common knowledge of one of ordinary skill in the art, teaches the process step of maintaining the condition of the collectibles.

**Response to Appellants' arguments concerning "Non-functional descriptive material"**

The appellants' arguments regarding certain limitations, words or phrases as not being functional limitations are not persuasive. For example, claim 71 recites "initially offering" of collectibles and that the "initially offering" is for a period of time "set by the issuer". The examiner notes when a process differs from the prior art only with respect to certain language (descriptive material) that cannot

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alter how the process steps are to be performed to achieve utility of the invention, then the descriptive material is rendered "non-functional".

In the process of claim 71, the offering collectibles for sale to (potential) purchasers does not alter the functionality of the process. None of the process steps a) through e) are dependent upon or altered by the fact that the collectibles are offered initially or that the period of time is set by the issuer or by any other entity. In this regard these terms have been treated as non-functional descriptive material because they do not have any functional relationship to the underlying process. The examiner points out that the process of claim 71 cited above only differs from the prior art only with respect to these non functional descriptive material that cannot alter how the process are to be performed to achieve the utility of the invention.

In the process of claim 73, the claim refers to terms "uncirculated condition" and "limited number" which are treated as non-functional descriptive material because these terms do not alter the underlying process of the claim. The claim does not state that the process is any distinct due to fact that the collectibles are of limited number. Similarly, whether the collectibles are uncirculated or not has no effect on the process steps of the claims and therefore properly treated as non-functional descriptive material.

Accordingly, no patentable weight is accorded to the aforementioned terms in the claims.

Nonfunctional descriptive material cannot render non-obvious an invention that would have otherwise been obvious. *In re Ngai*, \*\*>367 F.3d 1336, 1339, 70 USPQ2d 1862, 1864 (Fed. Cir. 2004). See also *In re Gulack*, 703 F.2d 1381, 1385-86, 217 USPQ 401, 404 (Fed. Cir. 1983) ("Where the printed matter is not functionally related to the substrate, the printed matter will not distinguish the invention from the prior art in terms of patentability....[T]he critical question is whether there exists any new and unobvious functional relationship between the printed matter and the substrate.").

#### **Argument: Misuse of Non-functional Descriptive Material Rejection**

Response: The examiner, respectfully points out that certain words and adjectives used in the claims do not patentably distinguished the claimed invention from the prior art. For example, referring to claim 71, initially offering collectibles is not patentably distinct from offering collectibles and "for a period of time set by the issuer" is not patentably distinct from "for a period of time" because the underlined phrases do not alter the manipulative steps of the process in the method claim 71. Similarly, the term "a given condition" in claim 119 step (a) is treated as non-functional term and in claim 73 "each of the collectibles having an uncirculated condition" is treated as non-functional descriptive material it does not alter the manipulative steps (a) through (c) of the process. As the Appellants have recognized on p. 30 'functional descriptive material' consists of data structures and computer programs which impart functionality when employed as a computer component. (The definition of 'data structure' is 'a physical or

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logical relationship among data elements, designed to support specific data manipulation functions'. The aforementioned data in the claimed invention do not support any manipulative functions (steps) as explained and therefore the examiner has properly treated the descriptive terms as nonfunctional.

**Argument: Woolston fails to teach a method of facilitating an issuer of collectible to manage an offering of collectibles for sale**

**Response:** In Woolston an operator of a consignment node (see for example, col. 2 L 30-34) is an issuer of collectibles. The consignment node operator issues collectibles for sale when a collector of antique pens (a collector) brings his pen (collectibles) for the first time (see col. 2 L 41 – 51, issuing collectibles is inherent because the collector brings his pen to a market make node for antique pens). Woolston teaches that the consignment operator can act as issuer of the collectibles in a wholesale market (col. 1 L 52- 67) thus issuer a plurality of collectibles to potential purchasers. Therefore, an issuer of the collector (the consignment node operator) can offer a plurality of collectibles (several antique pens) initially in the whole sale or retail market. It is noted whether the collectibles are new or have not been offered before does not patentably distinguish the claimed invention from the prior art.

Claim 72: please refer to explanation provided under claim 71 regarding allocation of a plurality of collectibles.

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Claim 34: appellants' argument that Woolston fails to teach primary market for offering collectibles, is not persuasive because as explained under claim 71, Woolston teaches initial offering of collectibles using consignment node. The terms "primary market" is wholesale or dealer to dealer sale of collectibles (Woolston col. 1 L 52-57).

Claims 36-38: as explained under claim 34 above, Woolston teaches both primary market and secondary market. The examiner maintains that the period of time for the initially offering the collectibles and offering the collectibles phases of the market offering of collectibles namely, primary and secondary (wholesale or retail, Woolston col. 1 L 52-57) is choice of the operator of consignment nodes and therefore inherent in Woolston.

Claim 44-45: refer to analysis concerning "plurality of collectibles" under claim 71. The examiner further maintains that "particular class of goods" corresponds to "lots" of goods since the appellants' have not disputed this interpretation with any explanation.

Claim 46: has not been considered because claim 33 on which it depends has been cancelled.

No response is deemed necessary. (Refer to (3) Status of Claims)

Claims 47 and 48: the appellants argue that Woolston does not teach purchaser history database for storing a record of each purchaser that has placed an order in the course of the initial offering. However, Woolston, teaches at col. 5 L 48 – 54 that "a valuable database of records to track the



possession and ownership of a collectible." Note that Woolston does not deal with a plurality of collectibles bought and sold both in wholesale (primary or initial offering) and resale (secondary) markets.

**Response to arguments: Independent claims 73 (p. 41)**

The appellants' arguments that Woolston fails to teach a server designed to support an initial offering by an issuer of collectibles for a limited number of collectibles via a plurality of remote terminals, each terminal operated by a potential purchaser to transmit over a network to said server at least one order for the purchase of collectible offered for sale is not persuasive.

Woolston teaches a electronic network of consignment stores (abstract) wherein each store operate a computer which is connected to computers of other consignment stores. Therefore, each consignment computer 10 (see Figure 1) performs the functionality of initial offering of collectibles and transmitting order over the network to remote terminals (computers) of other consignment nodes.

(refer to the examiner's response under claim 71 above).

Woolston teaches that each of the remote terminals which performs the aforementioned functionality and stores indication of the predetermined condition of each, the price of each of and the limited number of the collectibles. (see, "sell at" quantities and prices, col. 3 L 41-45, see also col. 4, L 1-5). The examiner takes notes of the discussion of "predetermined condition" as either a common sense feature or inherent feature as explained in detail in the foregoing paragraphs under claim 71 analysis.

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Woolston teaches steps b) as transmitting to the plurality of remote terminals (i.e. to the plurality of other consignment node computers) at least one offer for sale of the limited number of the collectibles, the one offer having an indication of the indication of the one collectible, whereby at least first and second potential purchasers are enabled to actuate its remote terminal to transmit at least first and second orders for the one collectible to the server. (referring to col. 3 L 41 – 45, a consignment computer sells specified quantity of collectibles at a specified price to other consignment computers. A posting of such sell at quantity along with “enough” information regarding the collectible(s) stored in the database (col. 4 L 1-5) suggest that each offer to sell a specified number of collectibles has indication of the condition of the one collectible. Please refer to detailed reasoning provided by the examiner under claim 71 analysis why providing information about the “predetermined condition” is inherent or of common sense .)

The appellants argue that “Woolston’s disclosure of offering collectibles on a secondary market may not be combined with the practice of allocating collectibles that the examiner alleges to be well known” as per Appellants’ detailed arguments regarding claim recitation 71 c). The examiner, however, disagrees with the appellants that Woolston is limited to secondary market (i.e. the collectibles are only offered for resale only). The appellants have not provided any explanation as to how this argument is relevant to the allocating of the (limited) number of collectibles. The problem of allocation arises whenever the number of collectibles is not sufficient to meet the ordered quantity. In this regard, the allocation step

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has nothing to do with the nature of the offering or the market. The examiner therefore asserts that the rejection of the claim over Woolston in view of Bezos is proper because the examiner has made a prima facie case of rejection.

Claims 74-76: These claims specify a varieties of collectibles such as a trading card with a mint condition and an uncirculated trading cards. The examiner notes that the nature of the collectible does not play any role in the functionality of process of claim 73. In this regard the term "collectibles" encompasses any type of collectibles, used trading cards or uncirculated cards.

Claim 59 and 60: refer to claim 73 c) discussion in view of Woolston Col. 5 L 48-54.

Claim 61: Rejection of this claim has been withdrawn.

Claim 77: The examiner respectfully disagrees with Appellants' interpretation of Woolston with regards to initial placement of collectibles. As noted by the examiner the term "initial placement" and "primary" is treated as non-functional data because they do not alter the substrate or manipulative functionality of the processes of claim 77. Therefore, limitation a) is interpreted to read "offering for sale to one or more prospective purchasers one or more collectibles on the (primary) market". In this regard, Woolston teaches a consignment node offering for sale one or more collectibles (see col. 3 L 41-45). The examiner now respectfully points out that Woolston's selling and reselling of collectibles by market participants is equivalent to initially offering for sale in the primary market and reselling these collectibles

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to other market participants via the consignment nodes is equivalent to offering for sale in a secondary market because the appellants' claim 77 does not functionally distinguish limitations "primary market", and "secondary market" versus Woolston's markets and therefore treated as functional data in the claim.

Regarding claim limitation 77d) Appellant's arguments concerning "maintaining the conditions of the collectibles" are not persuasive because collectibles are sold in a specified condition and maintaining its condition is a matter of common sense.

Woolston teaches that when collectible(s) are sold, information regarding the collectibles along with its condition is provided to the potential purchasers to enable purchase decision. (see Figure

Furthermore, since the purchaser's are informed that an antique such as a Rolex watch is in a predetermined condition is suggestive of the fact that according to Woolston, the collectibles are maintained in their specified (i.e. predetermined condition) until sold one or more purchasers. The examiner notes that maintaining condition of goods which are fragile or subject to deterioration due to effect of environment before and while sold to consumers is a matter of common knowledge of a person of ordinary skill in the pertinent art and that in view of this common knowledge would have taken appropriate measures to maintain the condition of the collectibles in the specified conditions while being offered to the purchasers. Citing the Board of Patent Appeals and Interference (BPAI) in KSR: "when there is motivation to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If

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this leads to anticipated success, it is likely the product not of innovation but of ordinary skill and common sense.” (KSR International v. Teleflex Inc., 550 U.S. \_\_\_, 82 USPQ2d 1385 (2007).

Claim 78: The appellants argue that Woolston fails to disclose the limiting of the number of collectibles on the primary market. However, it is noted that collectibles inherently are limited in number, therefore any offering of the collectibles has limited number of collectibles. Woolston for example, “selling at” quantities at col. 3 L 41-45. This equates to the limiting the number.

Claim 80: Please refer response to arguments of claims 36-38.

Claim 81 and 82: Please refer to response under claim

ARGUMENT 5: The Fifth Ground of Rejection Reviews Whether the Examiner's Record Fails to Show that Appellant's Claims are obvious Under 35 U.S.C. §103(a) over Woolston in view of Bezos.

Appellants' arguments under this section apply to rejection of claims 96-101 and 137-141 over Woolston in view of Bezos (US Pat. 6,606,608).

The examiner, respectfully, request the Board to consider the rejection of these claims in light of the examiner's response to the Appellants' arguments provided under claims 71, 73 and 77 and dependent claims.

Independent claim 96

The appellants' argue that Woolston does not disclose a method of facilitating an issuer of collectibles to manage an initial offering of collectibles. As explained in the examiner's response under Argument 4, Woolston teaches the method of facilitating an issuer (a consignment node operator) to manage an initial offers of collectibles.

The examiner points out that the subject claims have been rejected under 35 USC 103(a) over a Woolston in view of Bezos. Accordingly, the examiner has relied on teaching of Bezos for where Woolston failed to disclose certain features of the claimed inventions. For example, the examiner relied on Bezos for (i) specifying the number of collectibles (ii) allocation of the collectibles among the ordering potential purchasers.

The appellants' have not addressed the combination of Woolston and Bezos but only argued that Woolston does not teach step b) communicating to potential purchasers a message offering to sell the collectibles and specifying the determined condition and the limited number of collectibles offered for sale.

The examiner, respectfully, points out that Bezos teaches communicating to potential purchasers a message which specifies both number of collectibles (Quantity (105)) and allocation of the collectibles (see exemplary description of offering of 10 gold wrist watches in a Dutch auction wherein the

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winning bidder pays as the lowest winning bid. In this scenario the 10 watches are allocated among the bidders who bid at or greater than the lowest winning bid. (Bezos, col. 2 L 18-24).

Therefore, the combination of Woolston and Bezos meets the scope of the invention of claim 96 in view of the examiner's response to Argument concerning "determined condition" of the collectibles as presented below.

Woolston teaches that when collectible(s) are sold, information regarding the collectibles along with its condition is provided to the potential purchasers to enable purchase decision. Furthermore, since the purchaser's are informed that an antique such as a Rolex watch is in a predetermined condition is suggestive of the fact that according to Woolston, the collectibles are maintained in their specified (i.e. predetermined condition) until sold one or more purchasers. The examiner notes that storing determined condition of collectibles in a (computer) memory and communicating the determined condition to the potential purchasers (along with the number of the collectibles offered) is a matter of common knowledge of a person of ordinary skill in the pertinent art and that in view of this common knowledge would have stored the condition of the limited number of collectibles and communicated this information so as to allow the potential purchasers to appraise the collectibles and to facilitate the purchase decision. Therefore, the examiner, respectfully points out, that storing determined condition of collectibles and

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conveying this information to the potential purchasers is a matter of common sense and not innovation.

Citing the Board of Patent Appeals and Interference (BPAI) in KSR:

"when there is motivation to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp. If this leads to anticipated success, it is likely the product not of innovation but of ordinary skill and common sense."

(KSR International v. Teleflex Inc., 550 U.S. \_\_\_, 82 USPQ2d 1385 (2007))

On the basis of the foregoing response to the appellants' arguments the examiner requests that the rejection of claim 96 and dependent claims 97-101 be sustained.

### Independent claim 137

Note that the examiner has referred to claim 77 analysis as applicable to claim 137. In other words all limitations of claim 137 as being addressed in claim 77 analysis due both claims being patentably not distinct.



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In this regard the examiner respectfully points out, without departing from analysis of claim 77 presented in the office action dated 6/20/05, that Woolston in combination with Bezos teaches the claimed invention as follows:

Claim 137 a) determining condition of the one collectible (corresponds to "a predetermined condition" in claim 77), b) facilitating the administrator to introduce the one collectible for sale on the primary market (corresponds to step a) offering for sale .. on the primary market in claim 77), c) effecting the sale of the one collectible on the primary market to the first purchaser (corresponds to step b) in claim 77, allocating selected one or more collectibles to ..successful purchasers), d) facilitating the first purchaser to offer for sale the purchased one collectible on the secondary market (step c in claim 77) offering for sale ..on a secondary market), e) effecting the sale of the collectible from the first purchaser to the second purchaser (this step is inherent because the (secondary market) has a plurality of participants and the collectible is sold to the second participant from the first participant), g) maintaining the condition ..(refer to step d in claim 77).

Therefore, the examiner, maintains that rejection of claim 137 is met by applying analysis of claim 77 since they have scope and limitations.

**ARGUMENT 6:** The Sixth Ground of Rejection Reviews Whether the Examiner's Record Fails to Show that Applicants' Claims are Obvious under 35 U.S.C. 103(a) over Woolston.

Claim 131: The examiner clarifies the rejection of claim 131 as follows:

Woolston teaches a method of managing initial offering for sale of collectibles (see examiner's response claim 71, see also comments on non-functional data in the claim), the method comprises:

keeping the collectibles of a predetermined condition in a protective environment (collectibles are kept with at the consignment node, see Woolston, at least col. 13 L 15-17);

initially offering for sale to potential purchasers the collectibles on an initial market (see offering collectibles with "sell at" quantities to establish a market, col. 3 L 41-45);

determining successful purchasers of the collectibles in the initial market (see col. 6 L 7-15 and L 43-53).

Provide each successful purchaser an option to remove its, collectibles in the same predetermined condition, from the protective environment or to continue to keep the collectibles in the protective environment (see col. 13 L 6 – 13, leave the good at the consignment node or ship the good to the participant, see col. 3 L 36 – 41).

at least said steps b) – d) being implemented at least in part by a programmed computer (see col. 3 L 12- end).

Claim 132: wherein if a successful purchaser opts to remove its collectibles, the collectibles removed are disposed in a protective housing (whether collectibles are "disposed in a protective housing" or otherwise will not effect any manipulative process of the claim and therefore no patentable weight is given to the collectible being "disposed in a protective housing". This non-functional therefore cannot distinguish the claimed invention from the prior art.)

Claim 133: The appellants argue that the examiner has improperly relied on claims 110 and 115 because it does not clearly and unambiguously map each claim recitation to a particular portion of Woolston '651, much less determine the scope of Claim 133.

The examiner disagrees and points out that clear and detailed response has been provided regarding a collectible having "predetermined condition" (see analysis of "predetermined condition" in claim 115), effecting the sale of the collectible, receiving a request, maintaining the predetermined condition of the collectible, please also refer to claim 71 for the examiner's response regarding "predetermined condition". The phrase "initially determining" is not functionally distinguished from "determining" because the term "initially" non-functional descriptive material.

Regarding transferring ownership of the one collectible, the examiner points out that the Woolston explicitly teaches transfer of ownership and maintains records of ownership of the collectible Col. 12 L 59-

64. The examiner has provided detailed explanation and reasoning why maintaining condition of the collectible is inherently disclosed in claim 71 analysis.

Claim 134: Regarding limitation of claim 134, keeping the collectible in a predetermined state implies that the collectible is kept in an environment which prevents alteration of the condition or deterioration. In this regard keeping the collectible when being sold to a purchaser in a suitable condition deemed appropriate by a person skilled in the art of offering collectibles is matter of choice and inherent in Woolston.

Claim 135-136: the examiner maintains the rejection because Woolston explicitly teaches transfer of ownership for a number of sequential purchasers of a collectible (col. 12 L 59-62).

**ARGUMENT 7:** The Seventh Ground of Rejection Reviews Whether The Examiner's Record Fails to Show that Appellants' Claims are Obvious 35 U.S.C. Section 103 over Woolston '265 and by Taking Official Notice or Being Inherent

Claim 52: The appellants allege that the examiner has failed to construct a record that logically and technically show how the constructing of such a database leads one in the art to increment the purchaser's record.

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The appellants arguments contesting the officially taken notice are not persuasive. The appellants only disputes the procedure of taking the official notice (constructing a record that logically and technically show how the constructing of such a database leads one in the art to increment the purchaser's record) and not the substance of the rejection of the claim under review. The appellants do not provide any reasoning or evidence as to why the noticed facts (maintaining records of ordering activity for order received for goods..., see text of Official Notice.) should be considered as incorrect nor do the appellants challenge the facts of the examiner's assertions. To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b). See also *Chevenard*, 139 F.2d at 713, 60 USPQ at 241 ("[I]n the absence of any demand by appellant for the examiner to produce authority for his statement, we will not consider this contention.").

Therefore the examiner maintains the rejection of claim 52 based the officially taken notice.

Claim 62: The appellant argue that the limitation "maintained in the protective environment to keep the maintained collectibles in their uncirculated condition" is functionally related to the subsequently recited step of purchasing the offered collectibles.

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The examiner, respectfully, disagrees with the appellant that the aforementioned limitation is functionally related to any manipulative process of the step a) or any other step. Step a) states that identification of the collectibles is inputted to the computer, step c) refers to receiving and accepting a plurality of received orders whereby corresponding purchasers purchase the (uncirculated) identified collectibles and step d) refers to communicating with the purchasers a message whether they wish to keep the collectibles in the protective environment.

However, the limitation "maintained in the protective environment to keep the maintained collectibles in their uncirculated condition" does not alter the underlying manipulative process (substrate) which is inputting identity of the collectibles, and receiving and accepting the received orders (nor do these processes depend upon whether the collectibles are "uncirculated" or not). When certain limitations such as the one under question do not alter the underlying manipulative process (substrate), they are deemed "non-functional" descriptive material. These non-functional descriptive material cannot render obvious an invention that would have otherwise been obvious. In re Gulack, 703 F.2d 1381, 1385-86, 217 USPQ 401, 404 (Fed. Cir. 1983) ("Where the printed matter is not functionally related to the substrate, the printed matter will not distinguish the invention from the prior art in terms of patentability....[T]he critical question is whether there exists any new and unobvious functional relationship between the printed matter and the substrate.").

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Likewise, the examiner also maintain that the content of the message is nonfunctional descriptive material because it only suggests the purchasers to take certain actions. None of the processes recited in steps a) through d) are altered due to the nature of the message. For example, a purchaser may not respond to the message at all. See explanation of "non-functional" descriptive material. Therefore, the specifics of the message would not distinguish the claimed invention from the applied prior art.

The appellants argue that Woolston does not disclose sending of a message per limitation 62 d) which prompts the purchaser to effect the listed options. The examiner disagrees with the appellant because Woolston provides a network of computers whereby purchasers effect their purchases (see "summary of the invention") and the purchasers are given options to keep their purchased collectibles in the protective environment (remain with the consignment ), forward to the purchaser (directing the delivery) or post a new reserve price (offer for sale). The examiner maintains that these options disclosed by Woolston correspond to three options i – iii presented to the purchasers in claim 62.

Claims 63-65: The appellants argue that Woolston does not teach the use of the memory for storing data reflective of the accepted order and more particularly, where the storage location is dedicated to the particular purchase and the purchase data is stored on the corresponding location.

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The examiner points out that Woolston's teaching of recording transaction of sales of collectibles in data records (see col. 12 L 45 –62) inherently suggest all claimed features. For example, each purchaser's sales record is stored in a dedicated storage location.

Claims 66-68: The appellants argue that the claimed subject matter of the claims is not disclosed in Woolston. The appellants have provided no explanation in support of these statements. The examiner points out that these features are explained in or inherent in view of analysis of offering of primary and secondary markets and that the features are disclosed at the indicated portion of Woolston as follows.

Claim 66: There is further included the step of updating the purchasing activity of its purchaser in response to the purchase (see at least col. 14 L 12+ "transactions on buying and selling of goods", col. 19 L 36-46 refer to tracking participate accounts).

Claim 67: Responding to an instruction from a particular purchaser to communicate with each of the prospective purchaser an offer to sell on the secondary mark the uncirculated collectibles. (col. 12 L 60-61 "re-post the good or collectible")

Claim 68: Prompting each search purchaser to alternatively request that its uncirculated collectibles be forwarded to the corresponding purchaser.



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(col. 12 L 55-59 "the participant has elected to ship goods")

Independent Claim 69

Argument: The Appellants argue that Woolston fails to teach, maintaining uncirculated collectibles in a protective environment to maintain the uncirculated collectible in their uncirculated condition and providing an initial offering for the sale of the uncirculated collectible to the prospective purchasers, receiving order from the corresponding purchasers and providing message prompting these purchases to effect the following: 1) keep the uncirculated collectibles in the protective environment, and offer for sale on a secondary market the uncirculated collectibles that had been purchased.

Response: Please refer to the examiner's response to claim 62 arguments.

NOTE: The claim does not recite functional limitation "maintaining uncirculated collectibles in a protective environment to maintain the uncirculated collectible in their uncirculated condition" as asserted by the Appellants.

Argument: Rejection of claims 104-107 over Woolston in combination with the Official Notice cited in claims 104-107 does not spell out a sufficient basis for such a rejection, much less establish an adequate record.

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Response: The examiner's response to this argument is similar to that of claim 52. With regard to the instant claims 104-107 the Appellants have not adequately traversed the officially taken notice. To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b). See also Chevenard, 139 F.2d at 713, 60 USPQ at 241 ("[I]n the absence of any demand by appellant for the examiner to produce authority for his statement, we will not consider this contention.").

The examiner therefore maintains rejection of claims 104-107 reproduced below.

Claims 104-107. Woolston fails to explicitly disclose the manner in which the condition of the collectibles is maintained whether by placing a plurality of the collectibles in a benign environment or by placing in a protective casing.

Official Notice is taken that various methods of protecting collectibles such as protective casing, tamper evident casing and benign environment as recited in the instant claims are old and well known.

It would have been obvious to one of ordinary skill in the art at the time of applicant's invention to have the condition of the collectibles maintained by placing in the collectibles in a protective casing, tamper evident casing and benign environment as deemed appropriate.

Regarding independent claim 115 the appellants argue that the examiner has not established prima facie case of anticipation in that he admits that Woolston does not teach maintaining the condition of the collectibles while the collectibles are offered for sale.

The examiner disagrees with the argument that the examiner has improperly used inherency. See detailed explanation provided under claim 71 analysis.

All other arguments have been responded to in a similar manner as claims 71.

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Regarding the examiner's statement of Woolston's teaching step d) of claim 115 is clarified as follows:

d) maintaining the predetermined condition of the one collectible at least during steps a) and b) until the one collectible is encapsulated, whereby the issuer is enabled to guarantee the condition of the encapsulated collectible (this limitation is interpreted as storing or safeguarding the collectibles as deemed appropriate by the entity holding the collectibles, such as the operator of the consignment nodes or the owner of the collectibles in order to preserve the condition of the collectible until it is delivered to the purchaser. Therefore, this step is inherent in Woolston because specifying condition of the collectibles (new, used, age, damaged etc.) and delivering the collectible to the purchaser is essential to the successful operation of Woolston invention).

Claim 116: the examiner maintains the rejection of the claim as per explanation provided under claim 71 d).

Claim 117: the examiner maintains the rejection of the claim because the Appellants have not provided persuasive argument as to why the rejection is not proper.

Claim 118: Refer to claim analysis of step d) of claim 115 above.

Claims 41 and 43: rejection of these claims have been withdrawn.

Claims 82 and 83: The examiner provides the following explanation:

Claim 81-82: Woolston fails to teach that the step of predetermining said number of collectibles.. before offering in the market and step of allocating counts the number of collectibles for which the order have been placed.

Bezos teaches allocating the step of predetermining said number of collectibles.. before offering in the market. (Bezos, see col. 2 16, Dutch auction, 10 wrist watches is being offered).

Refer to claim 77 for motivation statement.

Bezos teaches step of allocating counts the number of collectibles for which the order have been placed. (Bezos, see col. 2 16, Dutch auction, allocation in Dutch auction occurs when orders (bids) for all collectibles are received (10 highest bids), then the collectible is offered at the lowest winning bid ).

Refer to claim 77 for motivation statement.

Claim 84 and 85: rejection of these claims have been withdrawn.

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**ARGUMENT 8: The Eighth Ground of Rejection Reviews Whether the Examiner's Record Fails to Show that Applicants' Claims are obvious under 35 USC §103(a) over Woolston and are deemed to be "Non-Functional Descriptive Material"**

Independent Claim 119:

Argument: The appellants argue that Woolston fails to disclose 1) a method for managing sale of collectibles on each of a primary and a secondary market, each of the collectibles of a predetermined condition.

Response: The examiner points out that the Woolston teaches consignment nodes that manage sale of collectibles when the collectibles are sold in wholesale tier and retail tier (see col. 1 L 52-57) which correspond to primary market and secondary market. Since the terms "primary" and "secondary" do not alter the process (substrate) of the claimed method, the examiner has not given patentable weight and properly interpreted as wholesale tier and retail tier of Woolston.

Argument: The appellants argue that Woolston fails to disclose that 2) offering the collectibles of given conditions for sale on the primary market to potential purchasers.

Response: The examiner disagrees with the appellants and asserts that the term "given condition" is not functional limitation because whether the collectibles of certain conditions (or "predetermined condition") does not alter the manipulative steps of the process recited in steps a) through c) of claim 119.

Accordingly, the examiner, respectfully, maintains that rejection of claim 119 over Woolston under 35 USC 103(a) is proper.

Claim 120:

Argument: Woolston does not disclose the step of determining the predetermined condition of each of the collectibles on sale in the primary market.

Response: The examiner maintains that whenever collectibles are sold their condition are determined prior to offering of the collectibles. Example, Woolston teaches offering collectible coins, watches, antique pens, sport card etc. (see exemplary categories of collectibles col. 16 L 58-63). The examiner points out that for each category of collectibles one must determine (i.e. predetermine) in order to appraise the collectible and to inform potential purchasers to facilitate the sale of the collectible. Therefore, the examiner has properly stated that determining condition of collectibles is inherently disclosed in Woolston.

Claim 121:

Argument : the appellants argue that Woolston does not teach "maintaining the predetermined condition" .. in a "benign environment".

Response: Referring to the examiner's response in claim 120, since Woolston inherently teaches maintaining condition of the collectibles, further methods of keeping collectibles in their predetermined conditions is also inherent because those skilled in the art would recognize that Woolston's teaching of keeping the collectibles in a storage facility include proper environment so the collectibles can be sold in the market. The examiner, therefore maintains the rejection of claim 121 over Woolston under 103(a).

Claim 123:

Argument: The appellants' argument that Woolston fails to disclose the claimed invention and that various terms in the claimed are functional limitations.

Response: The examiner has explained the basis for treating the limitations "original purchaser", "primary market" and "secondary market" as non-functional descriptive material is explained in details with respect to claim 119 for example. Since, no patentable weight is given to non-functional descriptive material as per explanation provided under Gulack similar to in light of the stated "non-functional data", is not persuasive and the rejection over Woolston is proper. It is asserted that the terms "original", "primary" and "secondary" in the aforementioned limitations do not functionally change the process steps of claims 123. In other words, the process "responding to the sale" and "responding to the resale" does not depend on whether the market is primary or secondary and whether the purchaser is original or not. These non-functional descriptive material cannot render obvious an invention that would have otherwise been obvious. In re Gulack, 703 F.2d 1381, 1385-86, 217 USPQ 401, 404 (Fed. Cir. 1983) ("Where the printed matter is not functionally related to the substrate, the printed matter will not distinguish the invention from the prior art in terms of patentability....[T]he critical question is whether there exists any new and unobvious functional relationship between the printed matter and the substrate.").

Argument: The appellants argue that Woolston's "for sale" and "sold" database does not disclose the record of "original purchaser" and record of "subsequent purchaser"

Response: This argument is not persuasive because this database accounts for all purchasers who participate in the collectibles market, i.e. purchasers who post their collectibles for the first time and those successful purchasers who place their collectible for resale (see Fig.12. "sold" and "for sale" database, col. 14 L 57-63 because Woolston facilitates reposting of purchased collectibles (see col. 5 L 30-34, the database inherently contains the claimed record of the purchasers).

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The applicants argue that Woolston, does not carry out steps a) and b) automatically by a programmed computer.

Response: This argument is not persuasive because there is no such recitation that steps a) and b) are performed automatically. The database of Woolston teaches that the records of "for sale" is created by a (programmed) computer 10. Once the record for a collectible(s) is created as per col. 3 L 53-56, col. 4 L 48-53 for the sale of the collectibles. This step and storing information regarding "reposting" and storing information regarding specific participants who have purchased specific collectibles, explicitly suggests that the entire process of sale and resale are implemented by a programmed computer. Woolston col.5 L 24-54.

Claim 124:

The examiner has provided response under claim 123.

Claims 125-128:

For examiner's response regarding "maintaining the condition of the one condition" please refer to discussion of claim 71 under this topic.

Claim 129:

The appellants' argument that Woolston fails to disclose "encapsulate the one sold collectible" as recited in claim 129 and for explanation refers to claim recitation 115 c). Accordingly, the examiner refer to claim 115 c) for response to this argument.

Claim 130:

The appellants' argument that Woolston does not disclose "encapsulation" of the purchased collectible is not persuasive because collectibles are valuables and subject to damage or deterioration while being shipped and therefore "encapsulation" is inherent in Woolston.

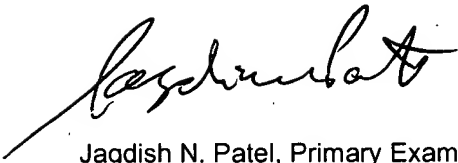
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The examiner asserts that the rejection of the pending claims 34-38, 41, 43-48 and 59-60, 62-101 and 110-141 is proper.

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For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,



Jagdish N. Patel, Primary Examiner AU 3693

June 11, 2007

Conferees

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